GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:852
ANSWERED ON:25.07.2003
DEVELOPMENT OF INFRASTRUCTURE
RATNA SINGH;SHIVAJI MANE

Will the Minister of FINANCE be pleased to state:

(a) whether serious problems relating to the economic development of Indian economy have arisen due to lack of basic infrastructure;

(b) if so, the details thereof and the steps taken to overcome these problems;

(c) whether any expert committee has been constituted by the Government for core sector;

(d) if so, the recommendations thereof and the details about the schemes and the policy programmes prepared on the basis of the recommendations of such a committee;

(e) the roles offered to the domestic and foreign investors by the Government for the development of basic infrastructure in the country; and

(f) the outcome thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) & (b): Provision of efficient infrastructure is a key factor for overall economic development. Despite considerable progress of infrastructure development over the years, there are constraints on both supply and quality of infrastructure services. In the Union Budget 2003-04, measures have been announced to encourage public - private partnership in infrastructure, principally in roads, railways, airports and seaports, through an innovative funding mechanism. This comprehensive initiative will cover :

- 48 new road projects at an estimated cost of around Rs.40,000 crore.

- National Rail Vikas Yojana projects worth Rs.8000 crore;

- Renovation/modernization of two airports, and two seaports at an estimated cost of Rs.11,000 crore.

- Establishing two global standard international convention centers at an estimated cost of Rs.1000 crore. In the power sector the following announcements have been made:

- The mega power project policy to be liberalized further by extending all the benefits to any power project that fulfils the conditions already prescribed for mega projects.

- A special allocation of Rs.20 crore to CSIR for launchingincentive driven research in fields of solar energy, wind turbines, hydrogen fuel as alternative to fossil fuels.

(c) & (d): An Expert Group on the Commercialisation of Infrastructure Projects was set up by the Ministry of Finance in October 1994. The Expert Committee submitted its report to the Government on 22nd June, 1996. Its major recommendations included the following:

- For meaningful commercialization of infrastructure projects, the Government must ensure that project risks are clearly demarcated and allocated to different stakeholders.

- If infrastructure is to be financed through the capital market, it is necessary to initiate major reforms in the area of contractual savings institutions.

- India needs an institution to specifically provide credit enhancement to projects and activate the debt market.

- The existing sector specific enactments should be unified into a single statue and an autonomous regulatory body should be set up for each infrastructure sector.

Sectors specific reforms were also suggested for urban infrastructure, ports, roads, power, telecom and industrial parks. Most of the recommendations of the Expert Group have been accepted by the Government and appropriate policymeasures have been

announced.

(e) & (f): Most infrastructure sectors are open for private investment including foreign investment. Some of the infrastructure sectors like telecom, power and ports have attracted significant private investment.